

Unaudited First Quarter Financial Statements for the Period Ended 30 September 2017

The Board of Directors of PCI Limited is pleased to announce the First Quarter financial statements on consolidated results for the three months period ended 30 September 2017. These figures have not been audited.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group		
	1st quarter ended 30/09/2017 US\$'000	1st quarter ended 30/09/2016 US\$'000	% increase/ (decrease)
Revenue	70,642	47,527	48.6%
Cost of sales:			
Raw material and consumables	(54,192)	(35,864)	51.1%
Manufacturing expenses	(6,665)	(6,031)	10.5%
Other operating expenses	-	(571)	n.m.
Direct depreciation/amortisation	(549)	(539)	1.9%
	(61,406)	(43,005)	42.8%
Gross profit	9,236	4,522	104.2%
Other income	268	66	306.1%
Other expenses:			
Business development expenses	(1,292)	(1,045)	23.6%
General and administrative expenses	(2,437)	(1,559)	56.3%
Indirect depreciation	(185)	(146)	26.7%
Foreign exchange (loss)/gain	(235)	36	n.m.
	(4,149)	(2,714)	52.9%
Profit before tax	5,355	1,874	185.8%
Income tax expense			
Current period	(1,085)	(343)	216.3%
Prior period	-	(5)	n.m.
Profit for the period	4,270	1,526	179.8%
Attributable to:			
Equity holders of the Company	4,270	1,527	179.6%
Non-controlling interests	-	(1)	n.m.
	4,270	1,526	179.8%

Notes to the income statement:

n.m. : not meaningful

Statements of comprehensive income
For the first quarter ended 30 Sep 2017

	The Group		
	1st quarter ended 30/09/2017 US\$'000	1st quarter ended 30/09/2016 US\$'000	% increase/ (decrease)
Profit for the period	4,270	1,526	179.8%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	312	44	609.1%
Other comprehensive gain for the period, net of tax	312	44	609.1%
Total comprehensive income for the period	4,582	1,570	191.8%
Total comprehensive income attributable to:			
Equity holders of the Company	4,582	1,571	191.7%
Non-controlling interests	-	(1)	n.m.
	4,582	1,570	191.8%

Notes to the statement of comprehensive income:

n.m. : not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	30/09/2017	30/06/2017	30/09/2017	30/06/2017
	US\$'000	US\$'000	US\$'000	US\$'000
Assets				
Current assets				
Cash and bank balances	34,267	39,929	27,294	34,905
Trade receivables	46,473	38,992	44,873	37,042
Other receivables and prepayments	4,474	4,305	2,877	2,452
Amounts due from subsidiaries	-	-	3,646	3,733
Inventories	53,483	36,809	48,919	32,085
	<u>138,697</u>	<u>120,035</u>	<u>127,609</u>	<u>110,217</u>
Non-current assets				
Property, plant and equipment	9,653	8,383	6,353	5,359
Prepaid lease payments	18,373	18,580	15,904	16,018
Investment in subsidiaries	-	-	12,029	12,029
Other assets	80	261	80	261
Deferred tax assets	95	96	-	-
	<u>28,201</u>	<u>27,320</u>	<u>34,366</u>	<u>33,667</u>
Total assets	<u>166,898</u>	<u>147,355</u>	<u>161,975</u>	<u>143,884</u>
Equity and liabilities				
Current liabilities				
Trade payables	55,929	41,139	50,289	35,449
Other payables and provision	14,357	15,069	11,006	12,213
Amounts due to subsidiaries	-	-	12,534	12,426
Income tax payable	3,711	2,819	3,257	2,468
	<u>73,997</u>	<u>59,027</u>	<u>77,086</u>	<u>62,556</u>
Non-current liabilities				
Deferred tax liabilities	758	765	758	765
Defined benefit obligations	196	198	-	-
	<u>954</u>	<u>963</u>	<u>758</u>	<u>765</u>
Total liabilities	<u>74,951</u>	<u>59,990</u>	<u>77,844</u>	<u>63,321</u>
Equity attributable to equity holders of the Company				
Share capital	44,667	44,667	44,667	44,667
Foreign currency translation reserve	1,503	1,191	-	-
Retained earnings	45,777	41,507	39,464	35,896
Total equity	<u>91,947</u>	<u>87,365</u>	<u>84,131</u>	<u>80,563</u>
Total equity and liabilities	<u>166,898</u>	<u>147,355</u>	<u>161,975</u>	<u>143,884</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/09/2017		As at 30/06/2017	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30/09/2017		As at 30/06/2017	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Nil

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	1st quarter ended	
	30/09/2017 US\$'000	30/09/2016 US\$'000
Cash flows from operating activities		
Profit before tax	5,355	1,874
Adjustments for :		
Depreciation of property, plant and equipment	563	514
Amortisation of prepaid lease payments	171	171
Gain on disposal of property, plant and equipment	(29)	-
Write-back of impairment loss on other assets	-	(4)
Gain on disposal of other assets	(32)	-
Interest income	(92)	(44)
Foreign exchange loss	448	20
Operating profit before working capital changes	6,384	2,531
Trade receivables	(7,481)	7,518
Other receivables and prepayments	(143)	(901)
Other assets	213	-
Inventories	(16,674)	(525)
Trade payables, other payables and provision	14,076	1,857
Cash (used in)/generated from operations	(3,625)	10,480
Interest received	66	31
Income tax paid	(214)	(263)
Net cash flows (used in)/generated from operating activities	(3,773)	10,248
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	29	-
Purchase of property, plant and equipment	(1,823)	(223)
Net cash flows used in investing activities	(1,794)	(223)
Net (decrease)/increase in cash and bank balances	(5,567)	10,025
Cash and bank balances at beginning of period	39,929	27,916
Effect of currency translation on balances held in foreign currencies	(95)	(12)
Total cash and cash equivalents	34,267	37,929

- 1(d)(i) A statement (for the issuer and group) showing either
 (i) all changes in equity or
 (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders
 together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Attributable to equity holders of the Company US\$'000	Non- controlling interests US\$'000	Total US\$'000
Group						
Balance at 1 July 2016	44,667	1,783	38,722	85,172	46	85,218
Total comprehensive income for the period	-	44	1,526	1,570	(1)	1,569
Balance at 30 September 2016	44,667	1,827	40,248	86,742	45	86,787
Balance at 1 July 2017						
Balance at 1 July 2017	44,667	1,191	41,507	87,365	-	87,365
Total comprehensive income for the period	-	312	4,270	4,582	-	4,582
Balance at 30 September 2017	44,667	1,503	45,777	91,947	-	91,947

	Share capital US\$'000	Retained earnings US\$'000	Total US\$'000
Company			
Balance at 1 July 2016	44,667	37,539	82,206
Total comprehensive income for the period	-	190	190
Balance at 30 September 2016	44,667	37,729	82,396
Balance at 1 July 2017			
Balance at 1 July 2017	44,667	35,896	80,563
Total comprehensive income for the period	-	3,568	3,568
Balance at 30 September 2017	44,667	39,464	84,131

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital since the end of the previous period reported on.

There were no outstanding convertibles or treasury shares as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 September 2017, the total number of issued shares excluding treasury shares was 199,099,000 (30 Jun 2017: 199,099,000).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation as compared with the most recently audited annual financial statements ended 30 June 2017 as well as all the applicable Financial Reporting Standards (FRS) which became effective for financial year beginning on or after 1 July 2017. The adoption of these new accounting policies did not give rise to any significant change to the financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period based on profit attributable to equity holders of the Company after deducting any provision for preference dividends:-

- (i) Based on the weighted average number of ordinary shares on issue US cents
(ii) On a fully diluted basis US cents

Group	
1st quarter ended	
30/09/2017	30/09/2016
2.14	0.77
2.14	0.77

Earnings per ordinary share have been computed based on the average number of ordinary shares outstanding during the year.

Average number of ordinary shares	
1st quarter ended	
30/09/2017	30/09/2016
199,099,000	199,099,000

Note: Group basic earnings per share was the same as the fully diluted earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 30 September 2017 and 2016.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :

- (a) current financial period reported on; and
(b) immediately preceding financial year

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

- (a) The Group US cents
(b) The Company US cents

As at	As at
30/09/2017	30/06/2017
46.18	43.88
42.26	40.46

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on , including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

A) Profit and Loss

For the 1st quarter ended 30 September 2017, the Group's revenue increased by 48.6% to USD 70.64 million as compared to the same period last year. The strong revenue performance was mainly due to higher end market demand from certain customers in the US, a momentum carried through from the 4th quarter of the previous financial year. Raw material costs and manufacturing expenses were in line with the increase in revenue. As a result of higher revenue, gross profit doubled to USD 9.2 million in this reporting period as compared to the 1st quarter of the previous financial year.

During the quarter, Business Development and G&A expenses increased by 23.6% and 56.3% respectively as compared to the previous corresponding period. The increases were mainly attributed to higher staff costs. There was a foreign exchange loss of USD 0.23 million due mainly to the weakening of USD against SGD and RMB.

As a result of higher revenue and gross profit contribution, the Group's profit attributable to equity holders of the company jumped to USD 4.3 million as compared USD 1.5 million in the same period last year.

B) Financial position and cash flow

The balance sheet and the financial position of the Group remained strong. Total assets and liabilities stood at USD 166.90 million and USD 74.95 million respectively. The cash and bank balances as at 30 September 2017 was USD 34.27 million compared to USD 39.93 million as at 30 June 2017. The trade receivables of USD 46.47 million, trade payables of USD 55.93 million, other payables and provision of USD 14.36 million and inventories of USD 53.48 million were in line with the business activities.

For this reporting period, net cash used in operating activities was USD 3.77 million and net cash used in investment activities was USD 1.80 million. The total net decrease in cash and bank balances was USD 5.57 million, bringing the total cash and bank balances to USD 34.27 million as at 30 September 2017. Total shareholders fund was USD 91.95 million and the Group's net asset value (NAV) per share was USD 46.18 cents as at 30 September 2017.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The electronics industry is experiencing a pick-up and this is mainly attributed to the year-end seasonal demand and optimism about economic growth. While the Group's business could benefit from this positive sentiment in the next three to six months, the directors remain cautiously optimistic about the Group business outlook beyond the next six months.

11. Dividend

(a) Current Financial Period Reported On

Name of dividend	:	Nil
Dividend type	:	Nil
Dividend amount per share	:	Nil
Tax rate	:	Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of dividend	:	Nil
Dividend type	:	Nil
Dividend amount per share	:	Nil
Tax rate	:	Nil

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

The Company did not declare any dividend for the period ended 30 September 2017.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirms that to the best of its knowledge, nothing has come to the attention of the Directors of the Company which may render the unaudited financial results for the first quarter ended 30 September 2017 to be false or misleading, in any material respect.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of the Company hereby confirms that the undertakings from all its Directors and Executive Officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual have been procured.

BY ORDER OF THE BOARD

Valerie Tan May Wei
COMPANY SECRETARY
13th November 2017